

Home Telephone Company
Illinois Universal Service Funding Calculation
Based upon ICC Form 23A Report Data for December 31, 2000

<u>Line #</u>	<u>Description</u>	<u>Source</u>	<u>Amount</u>	<u>Adjustment</u>	<u>Adjusted Amount</u>
1	Net Regulated Plant	Form 23A, P 8, Net Plant	\$ 4,455,043	\$ -	\$ 4,455,043
2	Materials and Supplies Inventory	Page 2, 13-Month Average	15,000		15,000
3	Customer Deposits	Form 23A, P 8, 4040	4,920	-	4,920
4	ADIT - Regulated Plant	Form 23A, P 8, 4100 + 4340	307,916	-	307,916
5	Rate Base before Working Capital	line 1 + line 2 - line 3 - line 4			4,157,207
6	Working Capital Requirement				
7	Total Operating Expenses	Form 23A, P 14, Total	2,155,474	-	2,155,474
8	Less: Depreciation Expense	Form 23A, P 13, 6560	419,915	-	419,915
9	Total WC Operating Expense	line 7 - line 8	1,735,559	-	1,735,559
10	WC OE Requirement	line 9 * 45 / 360			216,945
11	Commission-Ordered Cash Balance Requirement		-	-	-
12	Total Working Capital Requirement	line 10 + line 11			216,945
13	Total Rate Base	line 5 + line 12			4,374,152
14	Total Operating Revenues	Form 23A, P 11, Total	2,905,059	46,181	2,951,240
15	Less: Illinois High Cost Fund		614,816	-	614,816
16	Net Operating Revenues	line 14 - line 15	2,290,243	46,181	2,336,424
17	Total Operating Expenses	Form 23A, P 14, Total	2,155,474	-	2,155,474
18	Other Operating Inc and Exp - Net	Form 23A, P 15, 7100	-	-	-
19	Other Operating Taxes	Form 23A, P 15, 7240	14,061	-	14,061
20	Net Op Inc before Income Taxes	line 16 - lines 17, 18, & 19	120,708	46,181	166,889
21	Income Tax Expense	line 34			64,651
22	Net Operating Income	line 20 - line 21			102,238
23	Return on Rate Base	line 22 / line 13			2.34%
24	After-tax Cost of Capital				11.21%
25	Target Net Operating Income	line 24 * line 13			490,342
26	Adj to Achieve Target Return on RB	line 25 - line 22			388,104
27	Gross Revenue Conversion Factor	line 35			1.6324
28	ROR Funding Deficiency Including Inc Taxes	line 26 * line 27			633,541
29	Calculation of Income Tax Expense				
30	Net Op Inc before Inc Taxes	line 20			166,889
31	Illinois Inc & Rep Tax Expense	line 30 * 7.18%			11,983
32	Net Op Inc before Fed Inc Tax	line 30 - line 31			154,906
33	Federal Income Tax Expense	line 32 * 34.00%			52,668
34	Total Imputed Income Tax Expense	line 31 + line 33			64,651
35	Gross Revenue Conversion Factor	1 / ((1 - .0718) * (1 - .34))			1.6324

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Material & Supplies Worksheet and Other Information

<u>Line #</u>		
1	December-99	\$15,000
2	January-00	\$15,000
3	February-00	\$15,000
4	March-00	\$15,000
5	April-00	\$15,000
6	May-00	\$15,000
7	June-00	\$15,000
8	July-00	\$15,000
9	August-00	\$15,000
10	September-00	\$15,000
11	October-00	\$15,000
12	November-00	\$15,000
13	December-00	\$15,000
14	13 Month Average	\$15,000

Sale/Lease Back Arrangement

☒

The company does not have any sale(s)/lease back arrangement.

☐

The company does have sale(s)/lease back arrangement and has provided additional information to staff.

Lease Agreement with Affiliates

☐

The company does not have any lease agreements with affiliates.

☒

The company does have lease agreements with affiliates and has provided additional information to staff.

Trial Balances

The Company has provided a copy of its 12/31/2000 trial balance in support of the attached exhibits.

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Operating Revenues By Category

<u>Line #</u>		<u>Source</u>	<u>Amount</u>
		Form 23A, P 10, Total Local	
1	Local Revenues	Network Service Revenues	\$ 150,535
2	State Subscriber Line Charges	Trial Balance 12/31/00	\$ 147,679
3	State Access Revenues	Trial Balance 12/31/00	\$ 387,158
4	State High Cost Support	Exhibit X, Line 15	\$ 614,816
5	State Special Access Revenues	Trial Balance 12/31/00	\$ 7,095
6	Total State Access & Local Revenues	Sum (Ln 1 - 5)	\$ 1,307,283
7	Federal Subscriber Lines Charges	Trial Balance 12/31/00	\$ 44,580
8	Federal Access Revenues	Trial Balance 12/31/00	\$ 689,463
9	Federal High Cost Support	Trial Balance 12/31/00	\$ 853,057
10	Federal Special Access Revenues	Trial Balance 12/31/00	\$ 5,129
11	Total Federal Access Revenues	Sum (Ln 7 - 10)	\$ 1,592,229
12	Misc Revenues	Trial Balance 12/31/00	\$ 5,547
13	Total Operating Revenues	Ln 6 + Ln 11 + Ln 12	<u>\$ 2,905,059</u>

Home Telephone Company
Summary of Adjustments

	Dr.	Cr.
Adjustment 5		
Universal Service Adjustments		75,450
Adjustment to record increase in Federal High Cost Loop Fund.		
Adjustment 3		
Local Switching Support		29,269
1998 Final LSS Results	\$	277,417
1998 Original LSS Draw		248,148
LSS True-Up Booked in 2000	\$	<u>29,269</u>

To adjust out the 1998 LSS True-up that appeared in the 2000 Financial Statements.